

AMENDED IN SENATE JUNE 23, 2010

AMENDED IN ASSEMBLY MARCH 25, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

## ASSEMBLY BILL

**No. 1821**

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**Introduced by Assembly Member Ma**

February 11, 2010

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An act to amend Sections 21571, 21572, 21573, 21574.7, and 21581 of the Government Code, relating to the Public Employees' Retirement System.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1821, as amended, Ma. Public Employees' Retirement System: preretirement death benefits.

The Public Employees' Retirement Law provides preretirement death benefits for the surviving spouse or children, or both, as specified, of state members and specified school members not covered by the federal Social Security Act. That law prescribes various allowances for preretirement death benefits, as specified. That law specifies certain benefits known as the 1959 survivor allowance.

Existing law requires, on and after the date determined by the board, all assets and liabilities of all contracting agencies subject to the 1959 survivor allowance, and their employees, on account of benefits provided to be pooled into a single account, and a single employer rate *to* be established to provide benefits under that provision on account of members employed by a contracting agency that is subject to those provisions.

This bill would require assets and liabilities of contracting agencies subject to those provisions to be pooled, as specified, after June 30,

2011. The bill would also provide that on and after July 1, 2011, certain members employed by a contracting agency entitled to receive benefits under the 1959 survivor allowance provisions ~~would~~ instead receive increased benefits, as specified.

Existing law specifies that if a contracting agency has a surplus in its 1959 survivor benefit account as of the date the contracting agency becomes subject to certain provisions of law, the surplus shall be applied to reduce its rate of contribution. Existing law also specifies that if a contracting agency that is subject to those provisions has a deficit in its 1959 survivor benefit account as of the date the contracting agency becomes subject to ~~this section~~ *these provisions*, its rate of contribution shall be increased until the deficit is paid.

This bill would delete those provisions.

Existing law requires the rate of contribution of a member subject to ~~the above-described~~ *above-described* provisions to include, in addition to his or her normal rate, \$2 per month or fraction thereof, or \$0.93 for each biweekly payroll period or fraction thereof, where salaries are paid on that basis. ~~Those contributions do~~ *Existing law requires that those contributions* not become a part of a member's accumulated contributions or be treated or administered as normal contributions and ~~are~~ not be refundable to a member under any circumstances. Existing law provides that those contributions are available only for payment of 1959 survivor allowances.

~~This bill would, notwithstanding~~ *Notwithstanding* those provisions, with respect to the combined assets and liabilities that are pooled, as described above, ~~this bill would provide,~~ if the board determines that there exists a reasonable actuarial amortization of surplus funds that will fully pay for total annual premiums for benefits *and the surplus exceeds 200% of the total liabilities of the pool, that* the rate of contribution of a member shall be his or her normal rate with no additional contribution, as specified.

The bill would also make related changes to reflect that the above-described provisions may apply to nonstate employees, including school members, as well as contracting agencies.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 21571 of the Government Code is amended to read:

21571. (a) If the death benefit provided by Section 21532 is payable on account of a member's death that occurs under circumstances other than those described in subparagraph (F) of paragraph (1) of subdivision (a) of Section 21530, or if an allowance under Section 21546 is payable, the payment pursuant to subdivision (b) shall be made, in the following order of priority:

(1) The surviving wife or surviving husband of the member, who has the care of unmarried children, including stepchildren, of the member who are under 22 years of age, or are incapacitated because of disability that began before and has continued without interruption after attainment of that age.

(2) The guardian or conservator of surviving unmarried children, including stepchildren, of the member who are under 22 years of age or are so incapacitated.

(3) The surviving wife or surviving husband of the member, who does not qualify under paragraph (1).

(4) Each surviving parent of the member.

(b) Regardless of the benefit provided by Section 21532 and of the beneficiary designated by the member under that section, or regardless of the allowance provided under Section 21546, the following applicable 1959 survivor allowance, under the conditions stated and from contributions of the employer, shall be paid:

(1) A surviving spouse who was either continuously married to the member for at least one year prior to death, or was married to the member prior to the occurrence of the injury or onset of the illness that resulted in death, and has the care of unmarried children, including stepchildren, of the deceased member who are under 22 years of age or are so incapacitated, shall be paid three hundred sixty dollars (\$360) if there is one child or four hundred thirty dollars (\$430) per month if there are two or more children. If there also are children who are not in the care of the surviving spouse, the portion of the allowance payable under this paragraph, assuming that these children were in the care of the surviving spouse, which is in excess of one hundred eighty dollars (\$180) per month, shall be divided equally among all those children and

1 payments made to the spouse and other children, as the case may  
2 be.

3 (2) If there is no surviving spouse, or if the surviving spouse  
4 dies, and if there are unmarried children, including stepchildren,  
5 of the deceased member who are under 22 years of age or are so  
6 incapacitated, or if there are children not in the care of the spouse,  
7 the children shall be paid an allowance as follows:

8 (A) If there is only one child, the child shall be paid one hundred  
9 eighty dollars (\$180) per month.

10 (B) If there are two children, the children shall be paid three  
11 hundred sixty dollars (\$360) per month divided equally between  
12 them.

13 (C) If there are three or more children, the children shall be paid  
14 four hundred thirty dollars (\$430) per month divided equally among  
15 them.

16 (3) A surviving spouse who has attained or attains the age of  
17 62 years and, with respect to that surviving spouse, who was either  
18 continuously married to the member for at least one year prior to  
19 death, or who was married to the member prior to the occurrence  
20 of the injury or onset of the illness which resulted in death, shall  
21 be paid one hundred eighty dollars (\$180) per month. No allowance  
22 shall be paid under this paragraph; while the surviving spouse is  
23 receiving an allowance under paragraph (1), or while an allowance  
24 is being paid under subparagraph (C) of paragraph (2). The  
25 allowance paid under this paragraph shall be seventy dollars (\$70)  
26 per month while an allowance is being paid under subparagraph  
27 (B) of paragraph (2).

28 (4) If there is no surviving spouse or surviving child who  
29 qualifies for a 1959 survivor allowance, or if the surviving spouse  
30 dies and there is no surviving child, or if the surviving spouse dies  
31 and the children die or marry or, if not incapacitated, reach ~~age 22~~  
32 *22 years of age*, each of the member's dependent parents who has  
33 attained or attains ~~the age of 62~~ *62 years of age*, and who received  
34 at least one-half of his or her support from the member at the time  
35 of the member's death, shall be paid one hundred eighty dollars  
36 (\$180) per month.

37 (c) "Stepchildren," for purposes of this section, shall include  
38 only stepchildren of the member living with him or her in a regular  
39 parent-child relationship at the time of his or her death.

1 (d) The amendments to this section by Chapter 1617 of the  
2 Statutes of 1971 shall apply only to 1959 survivor allowances  
3 payable April 1, 1972, and thereafter.

4 (e) This section does not apply to any member in the employ  
5 of an employer not subject to this section on January 1, 1994.

6 (f) On and after the date determined by the board, all assets and  
7 liabilities of all contracting agencies subject to this section, and  
8 their employees, on account of benefits provided under this article  
9 shall be pooled into a single account, and a single employer rate  
10 shall be established to provide benefits under this section on  
11 account of members employed by a contracting agency that is  
12 subject to this section. On and after July 1, 2011, assets and  
13 liabilities of contracting agencies subject to this section shall be  
14 pooled as specified in subdivision (g) of Section 21573.

15 (g) The rate of contribution of an employer subject to this section  
16 shall be figured using the term insurance valuation method,  
17 pursuant to subdivision (h) of Section 21573. If a contracting  
18 agency that is subject to this section is projected to have a surplus  
19 in its 1959 survivor benefit account as of the date the assets and  
20 liabilities are first pooled, the surplus shall be applied to reduce  
21 its rate of contribution. If a contracting agency that is subject to  
22 this section is projected to have a deficit in its 1959 survivor benefit  
23 account as of the date the assets and liabilities are first pooled, its  
24 rate of contribution shall be increased until the projected deficit is  
25 paid.

26 (h) On and after July 1, 2011, all members employed by a  
27 contracting agency entitled to receive benefits under this section  
28 shall instead receive benefits provided under Section 21573.

29 SEC. 2. Section 21572 of the Government Code is amended  
30 to read:

31 21572. (a) In lieu of benefits provided in Section 21571, if the  
32 death benefit provided by Section 21532 is payable on account of  
33 a member's death that occurs under circumstances other than those  
34 described in subparagraph (F) of paragraph (1) of subdivision (a)  
35 of Section 21530, or if an allowance under Section 21546 is  
36 payable, the payment pursuant to subdivision (b) shall be made in  
37 the following order of priority:

38 (1) The surviving wife or surviving husband of the member who  
39 has the care of unmarried children, including stepchildren, of the  
40 member who are under 22 years of age or are incapacitated because

1 of a disability that began before and has continued without  
2 interruption after attainment of that age.

3 (2) The guardian of surviving unmarried children, including  
4 stepchildren, of the member who are under 22 years of age or are  
5 so incapacitated.

6 (3) The surviving wife or surviving husband of the member who  
7 does not qualify under paragraph (1).

8 (4) Each surviving parent of the member.

9 (b) Regardless of the benefit provided by Section 21532 and of  
10 the beneficiary designated by the member under that section, or  
11 regardless of the allowance provided under Section 21546, the  
12 following applicable 1959 survivor allowance, under the conditions  
13 stated and from contributions of the employer, shall be paid:

14 (1) A surviving spouse who was either continuously married to  
15 the member for at least one year prior to death, or was married to  
16 the member prior to the occurrence of the injury or onset of the  
17 illness that resulted in death, and has the care of unmarried  
18 children, including stepchildren, of the deceased member who are  
19 under 22 years of age or are so incapacitated, shall be paid four  
20 hundred fifty dollars (\$450) per month if there is one child or five  
21 hundred thirty-eight dollars (\$538) per month if there are two or  
22 more children. If there also are children who are not in the care of  
23 the surviving spouse, the portion of the allowance payable under  
24 this paragraph, assuming that these children were in the care of  
25 the surviving spouse, that is in excess of two hundred twenty-five  
26 dollars (\$225) per month, shall be divided equally among all those  
27 children and payments made to the spouse and other children, as  
28 the case may be.

29 (2) If there is no surviving spouse, or if the surviving spouse  
30 dies, and if there are unmarried children, including stepchildren,  
31 of the deceased member who are under 22 years of age or are so  
32 incapacitated, or if there are children not in the care of the spouse,  
33 the children shall be paid an allowance as follows:

34 (A) If there is only one child, the child shall be paid two hundred  
35 twenty-five dollars (\$225) per month.

36 (B) If there are two children, the children shall be paid four  
37 hundred fifty dollars (\$450) per month divided equally between  
38 them.

1 (C) If there are three or more children, the children shall be paid  
2 five hundred thirty-eight dollars (\$538) per month divided equally  
3 among them.

4 (3) A surviving spouse who has attained or attains the age of  
5 62 years and, with respect to that surviving spouse, who was either  
6 continuously married to the member for at least one year prior to  
7 death, or was married to the member prior to the occurrence of the  
8 injury or onset of the illness that resulted in death, shall be paid  
9 two hundred twenty-five dollars (\$225) per month. No allowance  
10 shall be paid under this paragraph while the surviving spouse is  
11 receiving an allowance under paragraph (1) or while an allowance  
12 is being paid under subparagraph (C) of paragraph (2). The  
13 allowance paid under this paragraph shall be eighty-eight dollars  
14 (\$88) per month while an allowance is being paid under  
15 subparagraph (B) of paragraph (2).

16 (4) If there is no surviving spouse or surviving child who  
17 qualifies for a 1959 survivor allowance, or if the surviving spouse  
18 dies and there is no surviving child, or if the surviving spouse dies  
19 and the children die or marry or, if not incapacitated, reach 22  
20 years of age, each of the member's dependent parents who has  
21 attained or attains the age of 62 years, and who received at least  
22 one-half of his or her support from the member at the time of the  
23 member's death, shall be paid two hundred twenty-five dollars  
24 (\$225) per month.

25 (c) "Stepchildren," for purposes of this section, shall include  
26 only stepchildren of the member living with him or her in a regular  
27 parent-child relationship at the time of his or her death.

28 (d) This section shall apply to beneficiaries receiving 1959  
29 survivor allowances on July 1, 1975, as well as to beneficiaries  
30 with respect to the death of a state member occurring on or after  
31 July 1, 1975.

32 (e) This section shall apply, with respect to benefits payable on  
33 and after July 1, 1981, to all members employed by a school  
34 employer, and school safety members employed with a school  
35 district or community college district as defined in subdivision (i)  
36 of Section 20057, except that it shall not apply, without contract  
37 amendment, with respect to safety members who became members  
38 after July 1, 1981. All assets and liabilities of all school employers,  
39 and their employees, on account of benefits provided under this  
40 article shall be pooled into a single account, and a single employer

1 rate shall be established to provide benefits under this section on  
2 account of all miscellaneous members employed by a school  
3 employer and all safety members who are members on July 1,  
4 1981.

5 (f) This section does not apply to any member in the employ of  
6 an employer not subject to this section on January 1, 1994.

7 (g) On and after January 1, 2000, all state members covered by  
8 this section shall be covered by the benefit provided under Section  
9 21574.7.

10 (h) On and after the date determined by the board, all assets and  
11 liabilities of all contracting agencies subject to this section, and  
12 their employees, on account of benefits provided under this article  
13 shall be pooled into a single account, and a single employer rate  
14 shall be established to provide benefits under this section on  
15 account of members employed by a contracting agency that is  
16 subject to this section. On and after July 1, 2011, assets and  
17 liabilities of contracting agencies subject to this section shall be  
18 pooled as specified in subdivision (g) of Section 21573.

19 (i) The rate of contribution of an employer subject to this section  
20 shall be figured using the term insurance valuation method pursuant  
21 to subdivision (h) of Section 21573. If a contracting agency that  
22 is subject to this section is projected to have a surplus in its 1959  
23 survivor benefit account as of the date the assets and liabilities are  
24 first pooled, the surplus shall be applied to reduce its rate of  
25 contribution. If a contracting agency that is subject to this section  
26 is projected to have a deficit in its 1959 survivor benefit account  
27 as of the date the assets and liabilities are first pooled, its rate of  
28 contribution shall be increased until the projected deficit is paid.

29 (j) After June 30, 2011, all members employed by a contracting  
30 agency entitled to receive benefits under this section shall instead  
31 receive benefits provided under Section 21573.

32 SEC. 3. Section 21573 of the Government Code is amended  
33 to read:

34 21573. (a) In lieu of benefits provided in Section 21571 or  
35 Section 21572, if the death benefit provided by Section 21532 is  
36 payable on account of a member's death that occurs under  
37 circumstances other than those described in subparagraph (F) of  
38 paragraph (1) of subdivision (a) of Section 21530, or if an  
39 allowance under Section 21546 is payable, the payment pursuant  
40 to subdivision (b) shall be made in the following order of priority:



1 (1) The surviving wife or surviving husband of the member who  
2 has the care of unmarried children, including stepchildren, of the  
3 member who are under 22 years of age or are incapacitated because  
4 of a disability that began before and has continued without  
5 interruption after attainment of that age.

6 (2) The guardian of surviving unmarried children, including  
7 stepchildren, of the member who are under 22 years of age or are  
8 so incapacitated.

9 (3) The surviving wife or surviving husband of the member who  
10 does not qualify under paragraph (1).

11 (4) Each surviving parent of the member.

12 (b) Regardless of the benefit provided by Section 21532 and of  
13 the beneficiary designated by the member under that section, or  
14 regardless of the allowance provided under Section 21546, the  
15 following applicable 1959 survivor allowance, under the conditions  
16 stated and from contributions of the employer, shall be paid:

17 (1) A surviving spouse who was either continuously married to  
18 the member for at least one year prior to death, or who was married  
19 to the member prior to the occurrence of the injury or onset of the  
20 illness that resulted in death, and has the care of unmarried  
21 children, including stepchildren, of the deceased member who are  
22 under 22 years of age or are so incapacitated, shall be paid seven  
23 hundred dollars (\$700) per month if there is one child, or eight  
24 hundred forty dollars (\$840) per month if there are two or more  
25 children. If there also are children who are not in the care of the  
26 surviving spouse, the portion of the allowance payable under this  
27 paragraph, assuming that these children were in the care of the  
28 surviving spouse, that is in excess of three hundred fifty dollars  
29 (\$350) per month, shall be divided equally among all those children  
30 and payments made to the spouse and other children, as the case  
31 may be.

32 (2) If there is no surviving spouse, or if the surviving spouse  
33 dies, and if there are unmarried children, including stepchildren,  
34 of the deceased member who are under 22 years of age or are so  
35 incapacitated, or if there are children not in the care of the spouse,  
36 the children shall be paid an allowance as follows:

37 (A) If there is only one child, the child shall be paid three  
38 hundred fifty dollars (\$350) per month.

39 (B) If there are two children, the children shall be paid seven  
40 hundred dollars (\$700) per month divided equally between them.

1 (C) If there are three or more children, the children shall be paid  
2 eight hundred forty dollars (\$840) per month divided equally  
3 among them.

4 (3) A surviving spouse who has attained or attains the age of  
5 62 years, and, with respect to that surviving spouse, who was either  
6 continuously married to the member for at least one year prior to  
7 death, or who was married to the member prior to the occurrence  
8 of the injury or onset of the illness that resulted in death, shall be  
9 paid three hundred fifty dollars (\$350) per month. No allowance  
10 shall be paid under this paragraph while the surviving spouse is  
11 receiving an allowance under paragraph (1) or while an allowance  
12 is being paid under subparagraph (C) of paragraph (2). The  
13 allowance paid under this paragraph shall be one hundred forty  
14 dollars (\$140) per month while an allowance is being paid under  
15 subparagraph (B) of paragraph (2).

16 (4) If there is no surviving spouse or surviving child who  
17 qualifies for the 1959 survivor allowance, or if the surviving spouse  
18 dies and there is no surviving child, or if the surviving spouse dies  
19 and the children die or marry or, if not incapacitated, reach 22  
20 years of age, each of the member's dependent parents who has  
21 attained or attains the age of 62 years, and who received at least  
22 one-half of his or her support from the member at the time of the  
23 member's death, shall be paid three hundred fifty dollars (\$350)  
24 per month.

25 (c) "Stepchildren," for purposes of this section, shall include  
26 only stepchildren of the member living with the member in a  
27 regular parent-child relationship at the time of the death of the  
28 member.

29 (d) This section shall apply to beneficiaries of state members  
30 whose death occurred before January 1, 1985. Where a surviving  
31 spouse attained the age of 62 years prior to January 1, 1987,  
32 entitlement shall exist retroactive to January 1, 1985, or to his or  
33 her 62nd birthday, whichever is later. All assets and liabilities of  
34 all state agencies and their employees on account of benefits  
35 provided to beneficiaries specified in this subdivision shall be  
36 pooled into a single account. The board shall transfer from the  
37 reserve for 1959 survivor contributions retained in the retirement  
38 fund an amount sufficient to pay the cost of the increased benefits  
39 provided by this subdivision for beneficiaries of members who  
40 died on or before December 31, 1984.

1 (e) This section shall not apply to beneficiaries with respect to  
2 the death of a state member, except as provided in subdivision (i),  
3 occurring on or after January 1, 1985, unless provided for in a  
4 memorandum of understanding reached pursuant to Section 3517.5,  
5 or authorized by the Director of Personnel Administration for  
6 classifications of state employees that are excluded from, or not  
7 subject to, collective bargaining. The memorandum of  
8 understanding adopting this section shall be controlling without  
9 further legislative action, except that if those provisions of a  
10 memorandum of understanding require the expenditure of funds,  
11 those provisions shall not become effective unless approved by  
12 the Legislature as provided by law.

13 (f) This section shall apply, with respect to benefits payable on  
14 and after January 1, 1985, to school members and to school safety  
15 members, as defined in Section 20444. All assets and liabilities of  
16 all school employers, and their employees, on account of benefits  
17 provided under this article shall be pooled into a single account,  
18 and a single employer rate shall be established to provide benefits  
19 under this section on account of school members employed by a  
20 school employer.

21 (g) This section shall apply to members of a contracting agency  
22 that first elects in its contract with the board to make this article  
23 applicable to its employees prior to July 1, 2001, and has not  
24 subsequently amended its contract to provide benefits pursuant to  
25 Section 21574 or 21574.5. All assets and liabilities of all  
26 contracting agencies subject to this section, and their employees,  
27 on account of benefits provided under this article shall be pooled  
28 into a single account, and a single employer rate shall be  
29 established to provide benefits under this section on account of  
30 members employed by a contracting agency that is subject to this  
31 section. Any public agency first contracting with the board on or  
32 after January 1, 1994, and prior to July 1, 2001, or any contracting  
33 agency amending its contract to remove exclusions of member  
34 classifications on or after January 1, 1994, and prior to July 1,  
35 2001, that has not, pursuant to Section 418 of Title 42 of the United  
36 States Code, entered into an agreement with the federal government  
37 for the coverage of its employees under the federal system, shall  
38 be subject to this section.

39 (h) The rate of contribution of an employer subject to this section  
40 shall be figured using the term insurance valuation method.

(i) This section shall not apply to beneficiaries with respect to the death of a state member employed by the California State University occurring on or after January 1, 1988, unless provided for in a memorandum of understanding reached pursuant to Chapter 12 (commencing with Section 3560) of Division 4 of Title 1, or authorized by the Trustees of the California State University for employees excluded from collective bargaining. The memorandum of understanding shall be controlling without further legislative action, except that if the provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature in the annual Budget Act.

(j) This section shall apply to local members employed by a contracting agency that has included this benefit in its contract with the board on or before June 30, 2001.

(k) This section shall not apply to any contracting agency that first contracts with the board on or after July 1, 2001.

(l) On and after January 1, 2000, all eligible state and school members covered by this section shall be covered by the benefit provided under Section 21574.7.

(m) After June 30, 2011, assets and liabilities of contracting agencies subject to Sections 21571 and 21572 shall be pooled with assets and liabilities of contracting agencies subject to this section into a single account, and a single employer rate shall be established to provide benefits under this section.

SEC. 4. Section 21574.7 of the Government Code is amended to read:

21574.7. (a) In lieu of benefits provided in Section 21571, 21572, or 21573, if the death benefit provided by Section 21532 is payable on account of a member's death that occurs under circumstances other than those described in subparagraph (F) of paragraph (1) of subdivision (a) of Section 21530, or if an allowance under Section 21546 is payable, the payment pursuant to subdivision (b) shall be made in the following order of priority:

(1) The surviving spouse of the member who has the care of unmarried children, including stepchildren, of the member who are under 22 years of age or are incapacitated because of a disability that began before and has continued without interruption after the attainment of that age.

1 (2) The guardian of surviving unmarried children, including  
2 stepchildren, of the member who are under 22 years of age or are  
3 so incapacitated.

4 (3) The surviving spouse of the member who does not qualify  
5 under paragraph (1).

6 (4) Each surviving parent of the member.

7 (b) Regardless of the benefit provided by Section 21532 and of  
8 the beneficiary designated by the member under that section, or  
9 regardless of the allowance provided under Section 21546, the  
10 following applicable 1959 survivor allowance, under the conditions  
11 stated and from contributions of the employer, shall be paid:

12 (1) A surviving spouse who was either continuously married to  
13 the member for at least one year prior to death, or was married to  
14 the member prior to the occurrence of the injury or onset of the  
15 illness that resulted in death, and has the care of unmarried  
16 children, including stepchildren, of the deceased member who are  
17 under 22 years of age or are so incapacitated, shall be paid one  
18 thousand five hundred dollars (\$1,500) per month if there is one  
19 child or one thousand eight hundred dollars (\$1,800) per month if  
20 there are two or more children. If there also are children who are  
21 not in the care of the surviving spouse, the portion of the allowance  
22 payable under this paragraph, assuming that these children were  
23 in the care of the surviving spouse, that is in excess of seven  
24 hundred fifty dollars (\$750) per month, shall be divided equally  
25 among all those children and payments made to the spouse and  
26 other children, as the case may be.

27 (2) If there is no surviving spouse, or if the surviving spouse  
28 dies, and if there are unmarried children, including stepchildren,  
29 of the deceased member who are under 22 years of age or are so  
30 incapacitated, or if there are children not in the care of the spouse,  
31 the children shall be paid an allowance as follows:

32 (A) If there is only one child, the child shall be paid seven  
33 hundred fifty dollars (\$750) per month.

34 (B) If there are two children, the children shall be paid one  
35 thousand five hundred dollars (\$1,500) per month divided equally  
36 between them.

37 (C) If there are three or more children, the children shall be paid  
38 one thousand eight hundred dollars (\$1,800) per month divided  
39 equally among them.

(3) A surviving spouse who has attained or attains the age of 60 years, and who was either continuously married to the member for at least one year prior to death, or was married to the member prior to the occurrence of the injury or onset of the illness that resulted in death, shall be paid seven hundred fifty dollars (\$750) per month. No allowance shall be paid under this paragraph while the surviving spouse is receiving an allowance under paragraph (1) or while an allowance is being paid under subparagraph (C) of paragraph (2). The allowance paid under this paragraph shall be three hundred dollars (\$300) per month while an allowance is being paid under subparagraph (B) of paragraph (2).

(4) If there is no surviving spouse or surviving child who qualifies for the 1959 survivor allowance, or if the surviving spouse dies and there is no surviving child, or if the surviving spouse dies and the children die or marry or, if not incapacitated, reach 22 years of age, each of the member's dependent parents who has attained or attains the age of 60 years, and who received at least one-half of his or her support from the member at the time of the member's death, shall be paid seven hundred fifty dollars (\$750) per month.

(c) "Stepchildren," for purposes of this section, shall include only stepchildren of the member living with the member in a regular parent-child relationship at the time of the death of the member.

(d) This section shall only apply to state and school members effective on or after January 1, 2000.

(e) All assets and liabilities of state employers subject to this section, and their employees, on account of benefits provided under this article shall be pooled into a single account, and a single employer rate shall be established to provide benefits under this section on account of state members employed by the state.

(f) All assets and liabilities of school employers, as defined in Section 20063, that are subject to this section, and their employees, on account of benefits provided under this article shall be pooled into a single account, and a single employer rate shall be established to provide benefits under this section.

(g) The rate of contribution of an employer subject to this section shall be calculated using a method determined by the board. Surplus assets shall be applied to reduce the rate of contribution.

1 If a deficit exists, the rate of contribution shall be increased until  
2 the deficit is paid.

3 (h) On and after January 1, 2000, all state and school members  
4 shall be covered by this section.

5 SEC. 5. Section 21581 of the Government Code is amended  
6 to read:

7 21581. (a) The rate of contribution of a member subject to this  
8 article shall include, in addition to his or her normal rate, two  
9 dollars (\$2) per month or fraction thereof, or ninety-three cents  
10 (\$0.93) for each biweekly payroll period or fraction thereof, where  
11 salaries are paid on that basis. Those contributions shall not become  
12 a part of a member's accumulated contributions or be treated or  
13 administered as normal contributions and shall not be refundable  
14 to a member under any circumstances. Those contributions shall  
15 be available only for payment of 1959 survivor allowances.

16 (b) Notwithstanding subdivision (a), with respect to the  
17 combined assets and liabilities under Section 21571, 21572, or  
18 21573 that are pooled pursuant to subdivision (g) of Section 21573,  
19 if the board determines that there exists a reasonable actuarial  
20 amortization of surplus funds that will fully pay for total annual  
21 premiums for benefits pursuant to Section 21573 *and the surplus*  
22 *exceeds 200 percent of the total liabilities of the pool*, the rate of  
23 contribution of a member subject to Section 21573 shall be his or  
24 her normal rate with no additional contribution.

25 (c) Notwithstanding subdivision (a), the total required monthly  
26 premium for Section 21574.5, as determined by the board, shall  
27 be offset by the uniform amortization of surplus assets within this  
28 account. If the total monthly premium is equal to, or less than, four  
29 dollars (\$4), the member contribution portion shall be two dollars  
30 (\$2) per month and the employer shall pay the difference, if any.  
31 If the total monthly premium required exceeds four dollars (\$4),  
32 the member and the employer shall evenly share the total required  
33 monthly premium.

34 (d) Notwithstanding subdivision (a), the total monthly premium  
35 required for Section 21574.7, as determined by the board, shall be  
36 offset by the uniform amortization of surplus assets within this  
37 account. Member contributions shall be two dollars (\$2) per month  
38 until such time as the future required monthly premium exceeds  
39 four dollars (\$4), and the employer shall pay the difference between  
40 the total required monthly premium and the member's contribution.

- 1 Once the total required monthly premium exceeds four dollars
- 2 (\$4), the member and the employer shall evenly share the required
- 3 monthly premium.

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